## AMENDED IN SENATE JUNE 30, 2009 AMENDED IN ASSEMBLY APRIL 21, 2009 AMENDED IN ASSEMBLY APRIL 16, 2009

CALIFORNIA LEGISLATURE—2009-10 REGULAR SESSION

## ASSEMBLY BILL

No. 1465

## **Introduced by Assembly Member Hill**

February 27, 2009

An act to amend Sections 10631, 10631.5, and 10633 of the Water Code, relating to water.

## LEGISLATIVE COUNSEL'S DIGEST

AB 1465, as amended, Hill. Urban water management planning. (1) Existing

Existing law requires every urban water supplier to prepare and adopt an urban water management plan, in accordance with specified requirements, for submission to the Department of Water Resources and other entities. An urban water supplier is required to provide information relating to the supplier's water demand management measures.

This bill would revise provisions relating to the information that the urban water supplier is required to include in the plan with regard to water demand management measures. The bill would require the urban water supplier to describe in the plan the opportunities for development of recycled water supplies, including opportunities for nonpotable and indirect potable reuse, and the opportunities for stormwater recapture and reuse as a long-term water supply.

Existing law allows urban water suppliers that are members of the California Urban Water Conservation Council and submit annual

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reports to that council to satisfy this requirement by submitting those reports to the department.

This bill would deem water suppliers that are members of the council and comply with the "Memorandum of Understanding Regarding Urban Water Conservation in California," dated December 10, 2008, as it may be amended, to be in compliance with the requirement to describe the supplier's water demand management measures in its urban water management plan.

(2) Existing law, with certain exceptions, requires the terms of, and eligibility for, a water management grant or loan, made to an urban water supplier and awarded or administered by the department, the State Water Resources Control Board, or the California Bay-Delta Authority or its successor agency, to be conditioned on the implementation of the water demand management measures identified in the supplier's urban water management plan.

This bill would require the department to determine that an urban water supplier is eligible for a water management grant or loan, despite a failure to implement all of the water demand management measures identified in the urban water management plan, if the supplier submits to the department for approval documentation demonstrating that the supplier's proposed water demand management measures provide a level of water savings that is equal to or greater than the savings provided by the implementation of measures identified in the plan or that the supplier lacks the authority to implement one or more of those measures.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 10631 of the Water Code is amended to 2 read:
- 3 10631. A plan shall be adopted in accordance with this chapter 4 and that shall do all of the following:
- 5 (a) Describe the service area of the supplier, including current 6 and projected population, climate, and other demographic factors
- 7 affecting the supplier's water management planning. The projected
- 8 population estimates shall be based upon data from the state,
- 9 regional, or local service agency population projections within the

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service area of the urban water supplier and shall be in five-year increments to 20 years or as far as data is available.

- (b) Identify and quantify, to the extent practicable, the existing and planned sources of water available to the supplier over the same five-year increments described in subdivision (a). If groundwater is identified as an existing or planned source of water available to the supplier, all of the following information shall be included in the plan:
- (1) A copy of any groundwater management plan adopted by the urban water supplier, including plans adopted pursuant to Part 2.75 (commencing with Section 10750), or any other specific authorization for groundwater management.
- (2) A description of any groundwater basin or basins from which the urban water supplier pumps groundwater. For those basins for which a court or the board has adjudicated the rights to pump groundwater, a copy of the order or decree adopted by the court or the board and a description of the amount of groundwater the urban water supplier has the legal right to pump under the order or decree. For basins that have not been adjudicated, information as to whether the department has identified the basin or basins as overdrafted or has projected that the basin will become overdrafted if present management conditions continue, in the most current official departmental bulletin that characterizes the condition of the groundwater basin, and a detailed description of the efforts being undertaken by the urban water supplier to eliminate the long-term overdraft condition.
- (3) A detailed description and analysis of the location, amount, and sufficiency of groundwater pumped by the urban water supplier for the past five years. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.
- (4) A detailed description and analysis of the amount and location of groundwater that is projected to be pumped by the urban water supplier. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.
- (c) (1) Describe the reliability of the water supply and vulnerability to seasonal or climatic shortage, to the extent practicable, and provide data for each of the following:
  - (A) An average water year.

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- 1 (B) A single dry water year.
- 2 (C) Multiple dry water years.
- 3 (2) For any water source that may not be available at a consistent level of use, given specific legal, environmental, water quality, or climatic factors, describe plans to supplement or replace that source with alternative sources or water demand management measures, to the extent practicable.
  - (d) Describe the opportunities for exchanges or transfers of water on a short-term or long-term basis.
- 10 (e) (1) Quantify, to the extent records are available, past and current water use, over the same five-year increments described in subdivision (a), and projected water use, identifying the uses among water use sectors, including, but not necessarily limited to, all of the following uses:
  - (A) Single-family residential.
- 16 (B) Multifamily.
- 17 (C) Commercial.
- 18 (D) Industrial.

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- 19 (E) Institutional and governmental.
- (F) Landscape.
- 21 (G) Sales to other agencies.
  - (H) Saline water intrusion barriers, groundwater recharge, or conjunctive use, or any combination thereof.
    - (I) Agricultural.
  - (2) The water use projections shall be in the same five-year increments described in subdivision (a).
  - (f) Provide a description of the supplier's water demand management measures. This description shall include all of the following:
  - (1) A description of each water demand management measure that is currently being implemented, or scheduled for implementation, including the steps necessary to implement any proposed measures, including, but not limited to, all of the following:
- 35 (A) Water survey programs for single-family residential and multifamily residential customers.
- 37 (B) Residential plumbing retrofit.
  - (C) System water audits, leak detection, and repair.
- 39 (D) Metering with commodity rates for all new connections and 40 retrofit of existing connections.

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- 1 (E) Large landscape conservation programs and incentives.
- 2 (F) High-efficiency washing machine rebate programs.
- 3 (G) Public information programs.
- 4 (H) School education programs.
- 5 (I) Conservation programs for commercial, industrial, and 6 institutional accounts.
  - (J) Wholesale agency programs.
- 8 (K) Conservation pricing.

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- (L) Water conservation coordinator.
- 10 (M) Water waste prohibition.
- 11 (N) Residential ultra-low-flush toilet replacement programs.
  - (2) A schedule of implementation for all water demand management measures proposed or described in the plan.
  - (3) A description of the methods, if any, that the supplier will use to evaluate the effectiveness of water demand management measures implemented or described under the plan.
  - (4) An estimate, if available, of existing conservation savings on water use within the supplier's service area, and the effect of the savings on the supplier's ability to further reduce demand.
  - (g) An evaluation of each water demand management measure listed in paragraph (1) of subdivision (f) that is not currently being implemented or scheduled for implementation. In the course of the evaluation, first consideration shall be given to water demand management measures, or combination of measures, that offer lower incremental costs than expanded or additional water supplies. This evaluation shall do all of the following:
  - (1) Take into account economic and noneconomic factors, including environmental, social, health, customer impact, and technological factors.
  - (2) Include a cost-benefit analysis, identifying total benefits and total costs.
  - (3) Include a description of funding available to implement any planned water supply project that would provide water at a higher unit cost.
  - (4) Include a description of the water supplier's legal authority to implement the measure and efforts to work with other relevant agencies to ensure the implementation of the measure and to share the cost of implementation.
  - (h) Include a description of all water supply projects and water supply programs that may be undertaken by the urban water

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supplier to meet the total projected water use as established pursuant to subdivision (a) of Section 10635. The urban water supplier shall include a detailed description of expected future projects and programs, other than the demand management programs identified pursuant to paragraph (1) of subdivision (f), that the urban water supplier may implement to increase the amount of the water supply available to the urban water supplier in average, single-dry, and multiple-dry water years. The description shall identify specific projects and include a description of the increase in water supply that is expected to be available from each project. The description shall include an estimate with regard to the implementation timeline for each project or program. 

- (i) Describe the opportunities for development of desalinated water, including, but not limited to, ocean water, brackish water, and groundwater, as a long-term supply.
- (j) Urban water suppliers that are members of the California Urban Water Conservation Council and submit annual reports to that council in accordance with the "Memorandum of Understanding Regarding Urban Water Conservation in California," dated September 1991, may submit the annual reports identifying water demand management measures currently being implemented, or scheduled for implementation, to satisfy the requirements of subdivisions (f) and (g).
- (j) For purposes of this part, urban water suppliers that are members of the California Urban Water Conservation Council shall be deemed in compliance with the requirements of subdivisions (f) and (g) by complying with all the provisions of the "Memorandum of Understanding Regarding Urban Water Conservation in California," dated December 10, 2008, as it may be amended, and by submitting the annual reports required by Section 6.2 of that memorandum.
- (k) Urban water suppliers that rely upon a wholesale agency for a source of water shall provide the wholesale agency with water use projections from that agency for that source of water in five-year increments to 20 years or as far as data is available. The wholesale agency shall provide information to the urban water supplier for inclusion in the urban water supplier's plan that identifies and quantifies, to the extent practicable, the existing and planned sources of water as required by subdivision (b), available from the wholesale agency to the urban water supplier over the

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same five-year increments, and during various water-year types in accordance with subdivision (c). An urban water supplier may rely upon water supply information provided by the wholesale agency in fulfilling the plan informational requirements of subdivisions (b) and (c).

SECTION 1. Section 10631 of the Water Code is amended to read:

10631. A plan shall be adopted in accordance with this chapter and shall do all of the following:

- (a) Describe the service area of the supplier, including current and projected population, climate, and other demographic factors affecting the supplier's water management planning. The projected population estimates shall be based upon data from the state, regional, or local service agency population projections within the service area of the urban water supplier and shall be in five-year increments to 20 years or as far as data is available.
- (b) Identify and quantify, to the extent practicable, the existing and planned sources of water available to the supplier over the same five-year increments described in subdivision (a). If groundwater is identified as an existing or planned source of water available to the supplier, all of the following information shall be included in the plan:
- (1) A copy of any groundwater management plan adopted by the urban water supplier, including plans adopted pursuant to Part 2.75 (commencing with Section 10750), or any other specific authorization for groundwater management.
- (2) A description of any groundwater basin or basins from which the urban water supplier pumps groundwater. For those basins for which a court or the board has adjudicated the rights to pump groundwater, a copy of the order or decree adopted by the court or the board and a description of the amount of groundwater the urban water supplier has the legal right to pump under the order or decree. For basins that have not been adjudicated, information as to whether the department has identified the basin or basins as overdrafted or has projected that the basin will become overdrafted if present management conditions continue, in the most current official departmental bulletin that characterizes the condition of the groundwater basin, and a detailed description of the efforts being undertaken by the urban water supplier to eliminate the long-term overdraft condition.

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(3) A detailed description and analysis of the location, amount, and sufficiency of groundwater pumped by the urban water supplier for the past five years. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.

- (4) A detailed description and analysis of the amount and location of groundwater that is projected to be pumped by the urban water supplier. The description and analysis shall be based on information that is reasonably available, including, but not limited to, historic use records.
- (c) (1) Describe the reliability of the water supply and vulnerability to seasonal or climatic shortage, to the extent practicable, and provide data for each of the following:
  - (A) An average water year.
- (B) A single dry water year.
- 16 (C) Multiple dry water years.
  - (2) For any water source that may not be available at a consistent level of use, given specific legal, environmental, water quality, or elimatic factors, describe plans to supplement or replace that source with alternative sources or water demand management measures, to the extent practicable.
  - (d) Describe the opportunities for exchanges or transfers of water on a short-term or long-term basis.
  - (e) (1) Quantify, to the extent records are available, past and current water use, over the same five-year increments described in subdivision (a), and projected water use, identifying the uses among water use sectors, including, but not necessarily limited to, all of the following uses:
- 29 (A) Single-family residential.
- 30 (B) Multifamily.
- 31 (C) Commercial.
- 32 (D) Industrial.
- 33 (E) Institutional and governmental.
- 34 (F) Landscape.
- 35 (G) Sales to other agencies.
- 36 (H) Saline water intrusion barriers, groundwater recharge, or 37 conjunctive use, or any combination thereof.
- 38 (I) Agricultural.
- 39 (2) The water use projections shall be in the same five-year 40 increments described in subdivision (a).

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(f) Establish the goal of the urban water supplier for demand management through implementation of the measures identified in this subdivision, alternative equivalent demand management measures, or an overall reduction in gallons per capita per day of urban water use. The urban water supplier shall provide all of the following:

- (1) A description of each water demand management measure that is currently being implemented, or scheduled for implementation. Measures may include, but are not limited to, the following:
- (A) Utility operations programs, including programs relating to conservation coordination, water waste prevention, wholesale agency assistance, pricing, metering, and water loss control.
- (B) Education and information programs, including programs relating to school education and public information.
- (C) Residential programs, including programs relating to residential assistance, landscape water surveys, high efficiency clothes washer incentives, ordinances, and low-flow toilet incentives.
- (D) Commercial, institutional, and industrial programs, including programs relating to device-based incentives, audits, and process improvement incentives.
- (E) Landscape programs, including programs relating to water budgets, water use surveys, and financial incentives.
- (2) A schedule of implementation for all water demand management measures proposed or described in the plan.
- (3) An estimate of the water savings or reduction in gallons per capita per day of urban water use that will be achieved through implementation of the proposed demand management measures.
- (4) A description of the methods, if any, that the supplier will use to evaluate the effectiveness of water demand management measures implemented or described in the plan.
- (g) Evaluate any alternative demand management measures being implemented by the supplier to provide a level of water savings that is equal to or greater than the water savings provided by implementation of the water demand management measures listed in paragraph (1) of subdivision (f).
- (h) Evaluate each water demand management measure listed in paragraph (1) of subdivision (f) that is not currently being

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implemented or scheduled for implementation due to lack of legal authority or lack of cost-effectiveness.

- (i) Include a description of all water supply projects and water supply programs that may be undertaken by the urban water supplier to meet the total projected water use as established pursuant to subdivision (a) of Section 10635. The urban water supplier shall include a detailed description of expected future projects and programs, other than the demand management programs identified pursuant to paragraph (1) of subdivision (f), that the urban water supplier may implement to increase the amount of the water supply available to the urban water supplier in average, single-dry, and multiple-dry water years. The description shall identify specific projects and include a description of the increase in water supply that is expected to be available from each project. The description shall include an estimate with regard to the implementation timeline for each project or program.
- (j) Describe the opportunities for development of desalinated water, including, but not limited to, ocean water, brackish water, and groundwater, as a long-term supply.
- (k) Describe the opportunities for development of recycled water supplies, including opportunities for nonpotable and indirect potable reuse as a long-term water supply.
- (*l*) Describe the opportunities for stormwater capture and reuse as a long-term water supply.
- (m) Urban water suppliers that are members of the California Urban Water Conservation Council and submit annual reports to that council in accordance with the "Memorandum of Understanding Regarding Urban Water Conservation in California," dated December 2008, may submit the annual reports identifying water demand management measures currently being implemented, or scheduled for implementation, to satisfy the requirements of subdivisions (f), (g), and (h).
- (n) Urban water suppliers that rely upon a wholesale agency for a source of water shall provide the wholesale agency with water use projections from that agency for that source of water in five-year increments to 20 years or as far as data is available. The wholesale agency shall provide information to the urban water supplier for inclusion in the urban water supplier's plan that identifies and quantifies, to the extent practicable, the existing and planned sources of water as required by subdivision (b), available

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from the wholesale agency to the urban water supplier over the same five-year increments, and during various water-year types in accordance with subdivision (c). An urban water supplier may rely upon water supply information provided by the wholesale agency in fulfilling the plan informational requirements of subdivisions (b) and (c).

- SEC. 2. Section 10631.5 of the Water Code is amended to read: 10631.5. (a) (1) Beginning January 1, 2009, the terms of, and eligibility for, a water management grant or loan made to an urban water supplier and awarded or administered by the department, state board, or California Bay-Delta Authority or its successor agency shall be conditioned on the implementation of the water demand management measures described in Section 10631, as determined by the department pursuant to subdivision (b).
- (2) For the purposes of this section, water management grants and loans include funding for programs and projects for surface water or groundwater storage, recycling, desalination, water conservation, water supply reliability, and water supply augmentation. This section does not apply to water management projects funded by the American Recovery and Reinvestment Act of 2009 (Public Law 111-5).
- (3) Notwithstanding paragraph (1), the department shall determine that an urban water supplier is eligible for a water management grant or loan even though the supplier is not implementing all of the water demand management measures described in Section 10631, if the urban water supplier has submitted to the department for approval a schedule, financing plan, and budget, to be included in the grant or loan agreement, for implementation of the water demand management measures. The supplier may request grant or loan funds to implement the water demand management measures to the extent the request is consistent with the eligibility requirements applicable to the water management funds.
- (4) (A) Notwithstanding paragraph (1), the department shall determine that an urban water supplier is eligible for a water management grant or loan even though the supplier is not implementing all of the water demand management measures described in Section 10631, if an urban water supplier submits to the department for approval documentation demonstrating that the supplier's proposed water demand management measures provide

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a level of water savings that is equal to or greater than the water savings provided by the implementation of the water demand management measures listed in Section 10631, that a water demand management measure is not cost effective, or that the supplier lacks the authority to implement one or more of those water demand management measures. If the department determines that the documentation submitted by the urban water supplier fails to meet these criteria, the department shall notify the urban water supplier and the agency administering the grant or loan program within 120 days that the documentation does not satisfy the requirements for an exemption, and include in that notification a detailed statement to support the determination.

- (B) For purposes of this paragraph, "not locally cost effective" means that the present value of the local benefits of implementing a water demand management measure is less than the present value of the local costs of implementing that measure.
- (b) (1) The department, in consultation with the state board and the California Bay-Delta Authority or its successor agency, and after soliciting public comment regarding eligibility requirements, shall develop eligibility requirements to implement the requirement of paragraph (1) of subdivision (a). In establishing these eligibility requirements, the department shall do both of the following:
- (A) Consider the conservation measures described in the Memorandum of Understanding Regarding Urban Water Conservation in California, and alternative conservation approaches that provide equal or greater water savings.
- (B) Recognize the different legal, technical, fiscal, and practical roles and responsibilities of wholesale water suppliers and retail water suppliers.
- (2) (A) For the purposes of this section, the department shall determine whether an urban water supplier is implementing all of the water demand management measures described in Section 10631 based on either, or a combination, of the following:
  - (i) Compliance on an individual basis.
- (ii) Compliance on a regional basis. Regional compliance shall require participation in a regional conservation program consisting of two or more urban water suppliers that achieves the level of conservation or water efficiency savings equal to or greater than the amount of conservation or savings achieved if each of the participating urban water suppliers implemented the water demand

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management measures. The urban water supplier administering the regional program shall provide participating urban water suppliers and the department with data to demonstrate that the regional program is consistent with this clause. The department shall review the data to determine whether the urban water suppliers in the regional program are meeting the eligibility requirements.

- (B) The department may require additional information for any determination pursuant to this section.
- (3) The department shall not deny eligibility to an urban water supplier in compliance with the requirements of this section that is participating in a multiagency water project, or an integrated regional water management plan, developed pursuant to Section 75026 of the Public Resources Code, solely on the basis that one or more of the agencies participating in the project or plan is not implementing all of the water demand management measures described in Section 10631.
- (c) In establishing guidelines pursuant to the specific funding authorization for any water management grant or loan program subject to this section, the agency administering the grant or loan program shall include in the guidelines the eligibility requirements developed by the department pursuant to subdivision (b).
- (d) Upon receipt of a water management grant or loan application by an agency administering a grant and loan program subject to this section, the agency shall request an eligibility determination from the department with respect to the requirements of this section. The department shall respond to the request within 60 days of the request.
- (e) The urban water supplier may submit to the department eopies of its annual reports and other relevant documents to assist the department in determining whether the urban water supplier is implementing or scheduling the implementation of water demand management activities. In addition, for urban water suppliers that are signatories to the Memorandum of Understanding Regarding Urban Water Conservation in California and submit biennial reports to the California Urban Water Conservation Council in accordance with the memorandum, the department may use these reports to assist in tracking the implementation of water demand management measures.

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SEC. 3.

SEC. 2. Section 10633 of the Water Code is amended to read: 10633. The plan shall provide, to the extent available, information on recycled water and its potential for use as a water source in the service area of the urban water supplier. The preparation of the plan shall be coordinated with local water, wastewater, groundwater, and planning agencies that operate within the supplier's service area, and shall include all of the following:

- (a) A description of the wastewater collection and treatment systems in the supplier's service area, including a quantification of the amount of wastewater collected and treated and the methods of wastewater disposal.
- (b) A description of the quantity of treated wastewater that meets recycled water standards, is being discharged, and is otherwise available for use in a recycled water project.
- (c) A description of the recycled water currently being used in the supplier's service area, including, but not limited to, the type, place, and quantity of use.
- (d) A description and quantification of the potential uses of recycled water, including, but not limited to, agricultural irrigation, landscape irrigation, wildlife habitat enhancement, wetlands, industrial reuse, *groundwater recharge*, indirect potable reuse, and other appropriate uses, and a determination with regard to the technical and economic feasibility of serving those uses.
- (e) The projected use of recycled water within the supplier's service area at the end of 5, 10, 15, and 20 years, and a description of the actual use of recycled water in comparison to uses previously projected pursuant to this subdivision.
- (f) A description of actions, including financial incentives, which may be taken to encourage the use of recycled water, and the projected results of these actions in terms of acre-feet of recycled water used per year.
- (g) A plan for optimizing the use of recycled water in the supplier's service area, including actions to facilitate the installation of dual distribution systems, to promote recirculating uses, to facilitate the increased use of treated wastewater that meets recycled water standards, and to overcome any obstacles to achieving that increased use.